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EXTRAORDINARY

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MINISTRY OF COMMERCE AND INDUSTRY

(Department of Company Law Administration)

ORDER

New Delhi, the 1st October 1961

S.O. 2384.—Whereas the Central Government is satisfied that, for the purpose of securing co-ordination in policy and the efficient and economical expansion and the carrying on of the Shipping business in the public sector in India, it is essential in the public interest that the Eastern Shipping Corporation Limited, a public company incorporated under the Indian Companies Act, 1913 (7 of 1913), and the Western Shipping Corporation Limited, a private company incorporated under the Companies Act, 1956 (1 of 1956), which are engaged in the business of shipping goods to and from India, should be amalgamated into a single company;

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (2) of Section 396 of the Companies Act, 1956 (1 of 1956), the Central Government after sending in draft a copy of the proposed order to the Companies concerned, and after considering the suggestions and objections made by the Eastern Shipping Corporation Limited, as required by sub-section (4) of the said section, hereby makes the following Order, namely:

1. Short title.—This Order may be called “The Shipping Corporations Amalgamation Order, 1961”.

2. Definition.—In this Order, unless the context otherwise requires

(a) the “appointed day” means the 2nd day of October 1961;

(b) “dissolved company” means the Western Shipping Corporation Limited.

3. Amalgamation of the Companies.—As from the appointed day, the undertaking of the dissolved Company shall stand transferred to and vest in the Eastern Shipping Corporation Limited, which Company shall immediately on such transfer be called “The Shipping Corporation of India Limited” (hereinafter in this Order referred to as “the Company resulting from the amalgamation”).

Explanation.—The “undertaking of the dissolved company” shall include all rights, powers, authorities and privileges and all property, moveable or immovable, including cash balances, reserves, revenue balances, investments and all other interests and rights in or arising out of such property as may belong to, or be in the possession of, the dissolved Company immediately before the appointed day and all books, accounts and documents relating thereto and also all debts, liabilities and obligations of whatever kind then existing of the dissolved Company.

4. Transfer of certain items of property.—For the purposes of this Order, all the profits and/or losses, if any, of the dissolved Company for the period from

the 1st day of April 1961 to the first day of October, 1961 and the revenue reserves and/or deficits, if any, of the dissolved Company when transferred to the Company resulting from the amalgamation under the provisions of this Order, shall respectively from part of the profits and/or losses, if any, and the revenue reserves and/or deficits of the Company resulting from the amalgamation for the said period.

5. Saving of contracts etc.—Subject to the other provisions contained in this Order, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which the dissolved Company is a party, subsisting or having effect immediately before the appointed day, shall be of as full force and effect against or in favour of the Company resulting from the amalgamation, as the case may be, and may be enforced as fully and effectually as if, instead of the dissolved Company, the Company resulting from the amalgamation had been a party thereto.

6. Saving of legal proceedings.—If, on the appointed day, any suit, appeal or other legal proceedings of whatever nature by or against the dissolved Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the Company resulting from the amalgamation, of the undertaking of the dissolved Company or of anything contained in this Order, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Company resulting from the amalgamation in the same manner and to the same extent as it would or may be continued, prosecuted and enforced by or against the dissolved Company if this Order had not been made.

7. Terms of transfer as respects shareholders in the dissolved Company.—(i) In consideration of the transfers aforesaid under clauses 3 and 4 hereof, as soon as may be after the appointed day, the Company resulting from the amalgamation shall allot to every person registered as a shareholder in the dissolved Company immediately before the appointed day as many Shares in the Company resulting from the amalgamation as are equivalent in number and value to the shares held by him in the dissolved Company immediately before the appointed day.

(ii) The Company resulting from the amalgamation shall send by post to every person whose name is entered immediately before the appointed day in the Register of Shareholders in the dissolved Company a notice giving particulars as to the allotment of new Shares to him and an Allotment Letter for the new Shares.

(iii) Every shareholder in the dissolved Company, whose name appears in the Register of Shareholders in the dissolved Company immediately before the appointed day, shall be entitled on presentation within two months from the date of receipt of the notice referred in above sub-clause (ii), of the Allotment Letter and the Share Certificate in respect of the shares held by him in the dissolved Company, to receive in due course Share Certificates from the Company resulting from the amalgamation in respect of the shares allotted to him.

(iv) Any rights specified in sub-clause (iii) shall, during the period beginning with the appointed day and ending with the day immediately preceding the day on which the Company resulting from the amalgamation issues fresh Share Certificates to the Shareholders of the dissolved Company, be transferable in like manner as the shares in the Company resulting from the amalgamation themselves are transferable, and the transferee of such rights shall be entitled on presentation, within thirty days from the date of transfer, of the Letter of Allotment, the relative share Certificate in the dissolved Company and the document of transfer, to receive Share Certificates from the Company resulting from the amalgamation in the same manner and to the same extent as the transferors would have been entitled.

8. Provision with respect to taxation.—All taxes in respect of the profits and gains of the business carried on by the dissolved Company before the appointed day shall be payable by the Company resulting from the amalgamation to the same extent as they would have been payable by the dissolved Company if this Order had not been made.

9. Provision respecting existing officers and other employees of the dissolved Company.—Every Officer or other employee (including within that expression, the Auditors but excluding therefrom the directors and the Secretary of the dissolved Company) employed immediately before the appointed day in the dissolved Company shall, as from the appointed day, become an officer or other employee, as the case may be, of the Company resulting from the amalgamation and shall hold his office or service therein by the same tenure and upon the

same terms and conditions and with the same rights and privileges as to pension, provident fund or gratuity as he would have held the same under the dissolved Company if this Order had not been made, and shall continue to do so unless and until he is duly removed from his employment in the Company resulting from the amalgamation or until his terms and conditions of employment are duly altered by that Company.

10. Board of Directors of the Company resulting from amalgamation.—Every Director of the Eastern Shipping Corporation Limited and of the dissolved Company, holding office as such immediately before the appointed day, shall cease to be a Director respectively of the Eastern Shipping Corporation Limited and of the dissolved Company on the appointed day, and as from the appointed day and until fresh appointments are made by the President of India in pursuance of the articles of association of the Company resulting from the amalgamation the following persons shall constitute the Board of Directors of the Company resulting from the amalgamation namely

1. Dr. Nagendra Singh, Jt. Secy. Ministry of Transport and Communication Department of Transport, New Delhi
2. Shri C. P. Srivastava, Mg. Director, Western Shipping Corp. Ltd., Steelcrete House, Dinshaw Wacha Rd., Bombay.
3. Shri B. N. Adarkar, Jt. Secy. Ministry of Commerce and Industry, New Delhi.
4. Shri S. N. Bilgrami, Mg. Director Stat. Trading Corpn. Express Bldg., Mathura Road, New Delhi.
5. Shri D. R. Khanna, General Manager, Central Railway, Bombay.
6. Shri H. Lal, Director General of Food, Ministry of Food and Agriculture, New Delhi.
7. Shri K. K. Sahni, Jt. Secy., Ministry of Steel, Mines and Fuel, Department of Mines and Fuel, New Delhi.
8. Shri S. S. Shiralkar, Jt. Secy. Ministry of Finance (Communications Divn.), New Delhi.
9. Shri A. D. Pande, Jt. Secy., Ministry of Home Affairs, New Delhi.
10. Shri Jasjit Singh, Collector of Customs, Bombay.
11. Shri R. Varadachari, Flat No. 18, Shivshanti Bhavan, Opp. Oval, New Queens Road, Bombay-1.

and as from the appointed day and until fresh appointments are made, by the President of India, in pursuance of the articles of association of the Company resulting from the amalgamation, Dr. Nagendra Singh shall be the Chairman of the Board of Directors and the Shri C. P. Srivastava shall be the managing Director of the Company resulting from the amalgamation.

11. Dissolution of the Western Shipping Corporation Limited.—Subject to the other provisions of this Order, as from the appointed day—

- (a) the Western Shipping Corporation Limited shall be dissolved, and no person shall make, assert or take any claims, demands or proceedings against the dissolved Company or against a Director or an Officer thereof in his capacity as such Director or Officer, except in so far as may be necessary for enforcing the provisions of this Order, and
- (b) the right of every shareholder to or in respect of any share in the dissolved Company shall be extinguished, and thereafter no such shareholder shall make, assert or take any claims or demands or proceedings in respect of any such share.

12. Registration of the Order by the Registrar of Companies.—The Central Government shall, as soon as may be after the issue of this order, send to the Registrar of Companies, Maharashtra, a copy of this order together with a printed copy of the Memorandum of Association of the Eastern Shipping Corporation Limited, as altered by this order, on receipt of which the Registrar of Companies, Maharashtra, shall—

- (i) register the order, on payment of the prescribed fees by the Company resulting from the amalgamation, and certify under his hand the

registration thereof within one month from the date of receipt of a copy of this Order;

- (ii) enter in his records the name of the Company resulting from the amalgamation in place of the Eastern Shipping Corporation Limited and shall also make necessary alterations in the memorandum of association of the Eastern Shipping Corporation Limited;
- (iii) Issue a fresh certificate of incorporation with the necessary alterations embodied therein; and
- (iv) place all documents relating to the dissolved company on the file of the company resulting from the amalgamation and consolidate them and shall keep such consolidated documents on his file.

13. Memorandum of Association of the Company resulting from the amalgamation.—The Memorandum of Association of the Eastern Shipping Corporation Limited, as it stood immediately before the appointed day shall, as from the appointed day, be the Memorandum of Association of the Company resulting from the amalgamation, subject to the following modifications, namely:—

- (1) For the heading, the following heading shall be substituted, namely:—
“Memorandum of Association of The Shipping Corporation of India Ltd.”.
- (2) For paragraph 1, the following paragraph shall be substituted, namely:—
“The name of the Company is the Shipping Corporation of India Limited.”
- (3) In paragraph 3,—
 - (i) in clause (a), the words “provided, however, that this shall not debar the Company from operating with the consent in writing of the Scindia Steam Navigation Co. Ltd. so long as they are the Managing Agents of the Company, on any of the trades, routes and services of the Scindia Steam Navigation Co. Ltd. and/or their associated companies in which they have controlling interest” shall be omitted.
 - (ii) in clause (f), the words “provided always that so long as the Scindia Steam Navigation Co. Ltd. own a Shipyard at Vishakapatnam in the State of Madras, the Company shall not undertake or carry on the business of Shipbuilders except with the previous consent in writing of the Scindia Steam Navigation Co. Ltd., which consent shall, however, be required only so long as the said Scindia Steam Navigation Co. Ltd., are the Managing Agents of the Company,” shall be omitted.
- (4) In paragraph 6, for the words and figures “The share capital of the company is Rs. 15,00,00,000 divided into 15,00,000 Equity Shares” the words “The share capital of the company is Rs. 35,00,00,000 divided into 35,00,000 shares” shall be substituted.

14. Articles of Association of the Company resulting from the amalgamation.—The articles mentioned below shall, as from the appointed day, be the Articles of Association of the Company resulting from the amalgamation namely:—

“ARTICLES OF ASSOCIATION OF THE SHIPPING CORPORATION OF INDIA LIMITED”.

1. Table A to apply.—Subject as hereinafter provided the Regulations contained in Table A in the First Schedule to the Companies Act, 1956 shall apply to this Company.

INTERPRETATION:

2. Interpretation Clause.—In the interpretation of these Articles the following expressions shall have the following meanings, unless repugnant to the subject or context:—

“The Company”—“The Company” means the Shipping Corporation of India Limited.

“The Act”—“The Act” means “The Companies Act, 1956”.

"The Director"—"The Directors" means the Directors for the time being of the Company.

"The Board"—"Board" means a meeting of the Directors duly called and constituted, or, as the case may be, the Directors assembled at a Board.

"The Chairman"—"The Chairman" means the Chairman of the Board of Directors for the time being of the Company.

"Office"—"Office" means the Registered office for the time being of the Company.

"Seal"—"Seal" means the Common Seal for the time being of the Company.

Expressions in the Act to bear the same meaning in Articles.—Save as aforesaid, words, or expressions contained in these articles shall, except where the subject or context demands or requires, bear the same meaning as in the Act.

Marginal notes and catch lines.—The marginal notes and catch lines hereto shall not affect the construction hereof.

3. Private Company.—The Company is a private Company and accordingly:—

- (a) The number of members for the time being of the Company (exclusive of persons who are for the time being in the employment of the Company and persons who having been formerly in the employment of the Company, were members of the Company while in that employment and have continued to be members after the employment ceased) is not to exceed fifty, but where two or more persons hold one or more shares in the Company jointly, they shall, for the purposes of this Article, be treated as a single member.
- (b) Any invitation to the public to subscribe for any shares in, or debenture of, the Company is hereby prohibited.
- (c) The right of transfer of shares in the Company shall be restricted as hereinafter provided.

CAPITAL AND INCREASE AND REDUCTION IN CAPITAL.

4. Capital.—The Capital of the Company is Rs. 35,00,00,000 (Rupees Thirty-five crores) divided into 35,00,000 (Thirty-five lakhs) shares of Rs. 100 (Rupees one hundred) each.

5. Allotment subject to President's directions.—The shares shall be under the control of the Board of Directors who may allot or otherwise dispose of them on such terms and conditions as it considers fit, subject to such directions as the President of India may issue from time to time and to the provisions hereinafter contained.

6. Increase of Capital by the Company and how carried into effect.—The Company in general meeting may, from time to time increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolutions shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meeting of the Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Board shall comply with the provisions of Section 97 of the Act.

7. New Capital same as existing Capital.—Except so far as otherwise provided by the conditions of issue or by these articles, any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission voting and otherwise.

8. Reduction of Capital.—The Company may (subject to the provisions of Sections 100 to 105, both inclusive, of the Act) from time to time by special

resolution, reduce its capital in any manner for the time being authorised by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise. This article is not to derogate from any power the Company would have if it were omitted.

LIEN

9. *Company's Paramount Lien.*—The Company shall have a first and paramount lien upon all the shares registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for his debts, liabilities and engagements, solely or jointly with any other person to or with the Company, whether the period for the payment fulfilment or discharge thereof shall have actually arrived or, not and no equitable interest in any share shall be created except that fully paid shares shall be free from such lien and in the case of partly paid shares the Company may have a lien only for moneys called or payable at a fixed time in respect of such shares and such lien shall extend to all dividends from time to time declared in respect of such shares.

CALLS

10. *Board may make calls.*—The Board may from time to time make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of such call so made on him to the persons and at the time and places appointed by the Board. A call may be made payable by instalments.

11. *Board may extend time.*—The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who, from residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.

FORFEITURE OF SHARES

12. *If money payable on share not paid, notice to be given to member.*—If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

13. *In default of payment shares to be forfeited.*—If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect.

TRANSFER AND TRANSMISSION OF SHARES

14. *Register of Transfers.*—The Company shall keep a book to be called the "Register of Transfer", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

15. *Restrictions on transfer of shares.*—The right of members to transfer their shares shall be restricted as follows:—

- (a) A share may be transferred by a member or other person entitled to transfer to a person approved by the President of India.
- (b) Subject as aforesaid and subject to the right of appeal conferred by Section 111 of the Act, the Board may in its absolute and uncontrolled discretion refuse to register any proposed transfer of shares without assigning any reason for such refusal.

16. *Death of one or more joint-holders of shares.*—In the case of the death of any one or more of the persons named in the Register as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any person.

17. President of India to direct Transfer.—The next of kind and/or legal heir of a deceased member or the executors or administrators or the holder of a succession certificate or other legal representative of a deceased member shall transfer the share or shares held by the deceased member to such person as the President of India may in writing direct.

18. Regulations 25, 26, 27, 28 and 83 excluded.—Regulations 25, 26, 27, 28 and 83 of Table A in Schedule I to the Act are specifically excluded and shall not apply.

PROCEEDINGS AT GENERAL MEETING

19. (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(2) Save as herein otherwise provided, two members present in person, shall be a quorum.

20. Chairman of General Meeting.—The Chairman of the Board shall preside as Chairman at every general meeting of the Company.

21. Representation of the President of India at meeting of the Company.—

(1) The President of India may, so long as he is a member of the Company within the meaning of the Act, authorise from time to time such person (whether a member of the Company or not) as he thinks fit to act as his representative at any general meeting of the Company or at any meeting of any class of members of the Company.

(2) The President of India may, if he is a creditor (including a holder of debentures) of the Company within the meaning of the Act, authorise from time to time, such person as he thinks fit to act as his representatives at any meeting of any creditors of the Company held in pursuance of the Act or of any rules made thereunder or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.

(3) The President of India may, from time to time revoke or cancel any authorisation made under sub-clause (1) or sub-clause (2) of this Article and make any fresh authorisation or authorisations.

(4) The production at the meeting of the Company or of any creditors of the Company of an order made and executed in the name of the President of India and authenticated as provided by the Constitution of India in respect of such authorisation, revocation or cancellation as aforesaid shall be accepted by the Company as sufficient and conclusive evidence thereof.

(5) Any person authorised by the President of India to represent him as aforesaid may, if so authorised by the order of the President of India, appoint another person (whether a member or not), as a proxy or substituted authority, whether special or general, to represent the President of India as aforesaid.

(6) Any person authorised or appointed as aforesaid shall be entitled to exercise the same rights or powers (including the right to vote by proxy) on behalf of the President of India whom he represents as the President of India could exercise as a member, creditor or holder of debentures of the Company.

VOTES OF MEMBERS

22. Upon a show of hands, every member present in person shall have one vote, and upon a poll, the voting rights of members shall be as laid down in Section 87 of the Act. Votes on behalf of the President of India shall be given as provided in Article 21.

BOARD OF DIRECTORS

23. Number of Directors.—The Directors shall be appointed by the President of India in such number and for such period as he may determine, but so that the number of Directors shall be not less than two and not more than fourteen. One of the Directors shall be a representative of the Ministry of Finance, Government of India.

24. Removal and substitution of Directors.—The President of India may from time to time remove any Director from office, before the expiry of the period

referred to in Article 23 and may appoint another director in his place. The President of India may also fill up any vacancy caused by the death, resignation, retirement or otherwise of a Director.

APPOINTMENT OF ALTERNATE DIRECTORS

25. In place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from the State in which meetings of the Directors are ordinarily held, the President of India may appoint any person to be an Alternate Director during the absence out of India or absence of not less than three months from the State in which the meetings of the Directors are ordinarily held, of the Director concerned, and such appointment shall have effect, and such appointee whilst he holds office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and to vote thereat accordingly, and he shall *ipso facto* vacate office if and when the original Director returns to India or vacates office as Director.

26. *Chairman of Board of Directors.*—The President of India shall from time to time appoint one of the Directors of the Company as the Chairman of the Board and may remove any Chairman so appointed and may appoint another Director as the Chairman of the Board in place of the removed Chairman.

27. *Managing Director.*—The President of India may from time to time appoint one of the Directors as the Managing Director of the Company and may remove any Managing Director so appointed and may appoint another Director of the Company as the Managing Director in place of the removed Managing Director. One Director may be appointed by the President of India to act as both the Chairman and the Managing Director of the Company.

28. *Directors may act notwithstanding vacancy.*—The continuing Directors may act notwithstanding any vacancy in the Board of Directors, but if the number falls below two, the Directors shall not act so long as the number of Directors is below the minimum.

29. *Remuneration of Directors.*—The remuneration of the Directors and of the Managing Director shall from time to time be determined by the President of India. Such reasonable additional remuneration as may be fixed by the President of India may be paid to any one or more of the Directors for extra or special service rendered by him or them or otherwise. A Director being a Government servant shall not be entitled to any remuneration unless otherwise provided by the President of India.

30. *Bye-laws.*—The Board may as and when it thinks fit make any bye-laws not inconsistent with the provisions of the Memorandum and Articles of Association of the Company in regard to the conduct of the business of the Company or Board thereof and may in like manner vary and amend such bye-laws. The Board may prescribe or change the Common Seal of the Company from time to time.

31. The Directors may, subject to the provisions of Sections 292 and 297 of the Act, delegate any of the powers to a committee consisting of such member or members of the Board of Directors as they think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Directors. The proceedings of such a Committee shall be placed before the Board of Directors at their next meeting.

MANAGEMENT OF BUSINESS

32. *General Management in the hands of the Managing Director.*—The General Management of the business of the Company shall, subject to the control and supervision of the Board, be in the hands of the Managing Director of the Company, who shall have power and authority on behalf of the Company to make all purchases and sales and to enter into all contracts and to do all other things usually necessary or desirable in the management of the affairs and business of the Company or in carrying out its objects and shall, subject to such control and supervision of the Board have power to appoint and employ in or for the purposes of the transaction and management of affairs and business of the Company or otherwise for the purposes thereof and from time to time to remove or suspend such solicitors, managers, secretaries, experts officers, Captains, Engineers, Clerks, muddadams and other employees as he shall think proper with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise as he shall think fit (except the appointment or

removal of the Finance-cum-Accounts Officer covered by Article 35 and creation of and appointments to high level posts carrying salary of or exceeding Rs. 2,000 p.m. covered by Article 34(a) and appointment of any foreign national covered by Article 34(b): provided that the Managing Director shall not except with the previous approval of the Board exercise any power under this Article in respect of any of the matters specified in Article 33".

CONTROL AND DIRECTIONS BY THE PRESIDENT OF INDIA

33. Matters reserved for the consideration of the President of India.—The Chairman of the Board may, on his own motion, and shall, when requested by the Managing Director in writing, reserve for the consideration of the President of India the following matters relating to the working of the Company, namely:—

- (a) Calling up the unpaid capital or increasing the authorised capital of the Company or issuing of any unissued shares forming part of the original authorised capital or forming the whole or part of any increase of capital in the event of any increase in capital beyond the original authorised capital of Rupees thirty-five crores.
- (b) (i) Any proposal to borrow at a time exceeding Rs. 15 lakhs (Rupees Fifteen lakhs).
- (ii) Any proposal to borrow which will increase the aggregate of such individual borrowing to an amount in excess of 25 per cent of the then paid up capital of the Company or Rupees One crore whichever is less.
- (iii) Any proposal to borrow at a rate of interest exceeding the Reserve Bank rate by more than 1 per cent per annum, if the Managing Director considers that such a rate of interest is unduly high.
- (iv) Any proposal for action relating to the reduction of capital.
- (v) Any proposal for investment in a particular type of security or shares, if such investment exceeds Rs. 10 lakhs (Rupees Ten lakhs).
- (c) Issue of Debentures.
- (d) Acquisition, construction or sale of vessels involving an amount exceeding Rs. 10 lakhs (Rupees Ten lakhs).
- (e) Voluntary winding up of the Company.
- (f) Any important matter relating to the Company's establishment.
- (g) Any other matter which in his opinion involves an important issue of general policy.

No action shall be taken by the Company in respect of any matter reserved for the consideration of the President of India as aforesaid until his approval to the same has been obtained.

DIRECTIONS BY THE PRESIDENT OF INDIA

34. Directions by the President of India.—“Notwithstanding anything contained in the other articles, prior approval of the President of India should be obtained in respect of;

- (a) creation of and appointment to posts carrying an immediate or ultimate salary of Rs. 2,000 and above,
- (b) appointment of any foreign national to any post in the company,
- (c) implementation of schemes involving capital expenditure of, and conclusion of contracts of the value of Rs. 10 lakhs (Rupees Ten lakhs) and above,
- (d) disposal of any property having an original book value of Rs. 10 lakhs (Rupees Ten lakhs) and above,
- (e) formation of a subsidiary company or companies of the company.

35. The President of India may appoint Finance-cum-Accounts Officer of the Company on such terms and conditions and at such remuneration as he may think fit and may from time to time remove such Finance-cum-Accounts Officer from office and appoint another in his place.

36. The Company shall, whenever its Revenue Budget for any financial year shows a deficit or the progress of actuals indicates the possibility of a deficit, submit the same to the President of India for his approval.

37. The President of India may give to the Company through its Board, Chairman or Managing Director, directions as to the exercise and performance by the Company of its functions and the Company shall be bound to give effect to any such directions: Provided that if at the direction of the President of India, the Company establishes, alters or continues to maintain any trade, line, routes or service or other activity or function and satisfies the President of India that during the relevant financial year the Company has suffered an overall loss in respect of the operation of its trade, route or service and of all its other activities and also that the service or activity so established, altered or continued to be maintained in compliance with the directions of the President of India as aforesaid, has been operated at a loss in any financial year, then the President of India shall reimburse the Company to the extent of the loss relatable to the operation of that particular service or activity.

AUDIT

38. *Appointment and remuneration of Auditors.*—The auditor or auditors of the Company shall be appointed or re-appointed by the President of India on the advice of the Comptroller and Auditor-General of India and their appointment, remuneration powers and duties shall be regulated by sections 224 to 227 and 619 of the Act.

39. *Power of the Comptroller and Auditor-General of India.*—The Comptroller and Auditor-General of India shall have power (a) to direct the manner in which the accounts of a Company shall be audited by the auditor or auditors appointed in pursuance of Article 38 and to give such auditor or auditors instructions in regard to any matter relating to the performance of his or their functions as such; and (b) to conduct a supplementary or test audit of the accounts of the Company by such person or persons as he may authorise in this behalf; and for the purposes of such audit, to require information or additional information to be furnished to any person or persons so authorised, on such matters, by such person or persons, and in such form, as the Comptroller and Auditor-General may, by general or special order, direct.

40. *Audit report to be submitted to the Comptroller and Auditor-General and his right relating thereto.*—The auditor or auditors appointed as aforesaid shall submit a copy of his or their audit report to the Comptroller and Auditor-General of India who shall have a right to comment upon, or supplement, the audit report in such manner as he may think fit and any such comments upon, or supplement to, the audit report shall be placed before the annual general meeting of the Company, at the same time and in the same manner as the audit report. The Company shall at the same time submit to the President of India the audited statement of accounts with the Audit Report and Comptroller and Auditor-General's comments thereon, or supplement to such Audit Report.

INDEMNITY

41. *Directors and others right to indemnity.*—Subject to the provisions of the Act, every Director, Managing Director, Manager and other Officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Board to pay out of the funds of the Company, all cost, losses, damages and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such Director, Managing Director, Manager, or other Officer or servant or in any way in the discharge of his duties including travelling expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Managing Director, Manager, or other Officer, or servant in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted by the Court.

42. Subject to the provisions of the Act, no Director, Managing Director, Manager or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the Bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his Office or in relation thereto unless the same happens through his own negligence, default, breach of duty or breach of trust."

NEW DELHI:

The 1st October 1961.

[No. 8/8/61-CL III.]

By Order, and in the name
of the President of India,

B. S. MANCHANDA, Jt. Secy.

